

FISCAL NOTE

HB 2931 - SB 3492

February 4, 2008

SUMMARY OF BILL: Increases the state's single maximum exemption levels for inheritance tax for tax years 2008 and 2009 so they match those specified in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). Repeals inheritance tax for 2010 and each year thereafter.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$26,000,000 / FY08-09

\$39,500,000 / FY09-10

Exceeds \$76,600,000 / FY10-11 and thereafter

Assumptions:

- The current single maximum exemption level for state inheritance tax for tax years 2008 and 2009 is \$1,000,000.
- Under this bill, the state single maximum exemption levels for tax years 2008 and 2009 would go to \$2,000,000 and \$3,500,000 respectively.
- Under EGTRRA, federal estate taxes will be repealed for calendar year 2010 and then reinstated for 2011 at the 2001 level.
- Current state law allows filing extensions up to nine (9) months from decedent's death.
- Inheritance tax revenue is often collected in the fiscal year subsequent to the decedent's death due to the filing extension period.
- Inheritance tax is permanently repealed beginning with tax year 2010.
- The decreases of state revenue are estimated to be \$26,000,000 for FY08-09; \$39,500,000 for FY09-10; and amounts exceeding \$76,600,000 for FY10-11 and each fiscal year thereafter. Such estimates have been based on Monte Carlo simulations conducted by the Department of Revenue.
- This proposed legislation does not apply to generation-skipping transfers after December 31, 2009 or to the estates of decedents dying after December 31, 2009.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc